



REPLY TO  
ATTENTION OF  
IMAH-HRD-C

**DEPARTMENT OF THE ARMY**  
INSTALLATION MANAGEMENT AGENCY  
2511 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22202-3926

OCT 25 2005

MEMORANDUM FOR ALL US Army Installation Management Agency Personnel

SUBJECT: US Army Installation Management Agency Policy # 17, Nonappropriated Funds (NAF) Pay Policy, Revision 1

1. References:

- a. AR 215-3, Nonappropriated Funds Personnel Policy, 29 August 2003.
- b. DOD 1400.25-M, Civilian Personnel Management System Directive, December 1996.
- c. Current Table of Distribution and Allowances (TDA) and Personnel Requirement Document (PRD) of Nonappropriated Manpower.
- d. AR 215-1, Morale, Welfare, and Recreation (MWR) Activities and Nonappropriated Fund Instrumentalities, June 2004.

2. PURPOSE. To revise paragraph 5 d. e. and f. (2) of Installation Management Agency Policy #17, Nonappropriated Funds (NAF) Pay Policy dated December 15, 2004. This policy will provide guidance to all US Army Installation Management Agency (IMA) personnel on the Nonappropriated Funds pay policy.

3. APPLICABILITY. This policy applies to NF pay band positions, (white-collar and non-craft and trades) at all IMA funded activities, including HQ IMA, Regions, and Garrisons. Where this program impacts bargaining unit employees' conditions of employment, activities will meet their statutory and contractual labor relations obligations. NAF positions will be established and identified in accordance with approved guidance for staffing a Nonappropriated Fund Instrumentality. NAF positions will be documented on the current region PRD.

4. POLICY. It is the policy of IMA to encourage reasonable and effective pay decisions that support NAF business operations and promote equitable pay for performance determinations in all IMA activities.

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## 5. PROCEDURES.

a. Pay banding is a pay for performance system. It is intended to motivate employees to achieve the highest level of performance possible based upon the expectation of recognition and financial reward. The Region Director will approve pay for all Region level NF employees. The Deputy to the Garrison Commander will approve pay for NF 05 and 04 level NAF employees, and may delegate approval of pay setting for all NF 03 and below pay band employees. Pay setting decisions are made when:

(1) An individual is placed in a particular pay band position.

(2) An employee remains in the same position, but the pay band is changed due to a classification decision.

(3) Adjustment within the pay band level will achieve comparability when there is a significant variance from private sector wages in the locality for a particular occupation.

(4) An employee receives a rating of "Excellent," "Outstanding," and "Satisfactory."

b. The approving authority may determine where within the minimum and maximum rates of the proper pay band to set an employee's annual rate of basic pay. Consideration must be given to assigned duties, responsibilities, budget, competitiveness with Federal and private sector pay, current rates of pay for similar positions, amount and timing of previous pay increases, cash awards, bonuses, and allowances. The hourly rate of basic pay is determined by dividing the annual rate by 2087.

c. An employee may be granted a pay increase within a band with or without a position change. This type of pay adjustment normally will be based on the employee's performance. The performance rating must be a rating of satisfactory or better. A promotion occurs when an employee is moved to a higher pay band. A promotion requires a minimum pay increase of five percent.

d. Because the maximum of a pay band salary range is significantly higher than step 10 of a NAF position's General Schedule (GS) equivalent, MWR managers must

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plan carefully and build into their budget funds to account for any potential shortfall in appropriated fund reimbursement. This means managing the whole organization in the aggregate. Effective financial planning and budgeting allows management to make conscious decisions on how to apply resources to reward employee performance.

e. Performance based pay increases must be approved by the appropriate authority for all NF employees. The person who recommends the pay adjustment/award will not be the same person who approves the rating. Pay increases will be administered in accordance with reference 1.a., Chapter 6, Performance Evaluation and Rating. Performance ratings cover a period of 12 months and may be granted with a DA commendation certificate and/or cash award; reference 1.a., Chapter 9, Incentive Awards. Performance pay will not exceed the maximum rate budgeted.

(1) Outstanding Rating. An outstanding rating may result in a pay adjustment, not to exceed 15 percent of the employee's annual salary. A pay increase of 10 percent or higher must be approved by the Deputy to the Garrison Commander for installation level employees, Region Director for Region employees, and Principal Deputy Director HQIMA for NAF employees of the IMA headquarters.

(2) Excellent Rating. An excellent rating may result in a pay adjustment, not to exceed five percent of the employee's annual salary.

(3) Satisfactory Rating. A satisfactory rating may result in a pay adjustment, not to exceed one and a half percent of the employee's annual salary.

f. Moves to NAF under the DOD Employee Portability Benefit Program will be followed without supplemental guidance to Army and DOD directives.

(1) Involuntary Moves. When a GS employee is involuntarily moved to a NAF pay band position, the employee's basic rate of pay will be set at a rate within the pay band to which assigned that is not less than the employee's GS scheduled annual rate of pay, as defined in 5 CFR 531.602 (reference (e)), plus the corresponding GS locality pay. If the adjustment is above the maximum rate of the pay band level to which moved, pay retention is required in accordance with Department of Defense guidance.

(2) Voluntary Moves. Basic pay may be fixed at either the minimum rate of the appropriate pay band level, or any rate within the pay band level for competitive moves from APF to NAF. For voluntary moves under the Uniform Funding for Management,

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(UFM) program, the pay will be set at a rate within the pay band to which assigned that is equal to the rate of pay (including locality pay, special salary rate, etc.) that the employee was making immediately before the move.

g. Region directors have the responsibility to ensure an annual review and evaluation is conducted by the human resources office for compliance with policy and to ensure that instructions governing the administration of pay management are applied equitably to all NAF employees. The Deputy to the Garrison Commander will provide the Region Director with an analysis of pay setting and awards granted to all NAF pay band employees. The analysis will include a comparison of performance ratings with pay adjustments and/or cash awards granted to NF employees. A discussion of the relationship between pay/award decisions and the effectiveness of accomplished mission, e.g., profitability or other success indicators, comparison of jobs in the immediate locality, and periodic reviews conducted to ensure salaries do not exceed authorized funding level. The Region level human resource NAF office will conduct reviews of all installations in their respective regions. Copies of the annual review will be forwarded to IMA, ATTN: IMAH-HRD-C (NAF), 30 days after the end of the reporting cycle for an IMA-wide review and analysis. The operating budget must include sufficient funds to support the Region's policy on pay adjustments and awards. Region directors will monitor demographic representations of annual pay adjustments of all pay band employees in the region and installations.

6. PROPONENT. The Human Resource Directorate, Civilian Personnel Branch, NAF is the proponent for this policy. POC is the NAF Human Resource Specialist, commercial (703) 602-3303, DSN 332-3303.

  
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